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Report Highlights:
The outcome of the Agenda 2000 reveals decreased support to the Swedish oilseeds. Thus, the import market for oilseeds is expected to grow. The U.S. share of imports is however limited due GMO sensitivities.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary 2
Situation and Outlook: Rapeseed 2
    Import Market 2
    Domestic Production 2
    Industry Structure 3
    Consumption 4
Situation and Outlook: Rapeseed Meal 4
    Import Market 4
    Domestic Production 4
    Consumption 4
Situation and Outlook: Rapeseed Oil 4
    Import Market 4
    Domestic Production 5
    Consumption 5
Statistical Section 6
    PS&D Tables 6
    Trade Matrices 9

Executive Summary

The Swedish import market for rapeseed will likely grow following the outcome of the Agenda 2000. The support for rapeseed in Sweden will decrease over three years to the level of grain, with the result that rapeseed production will be limited to winter rapeseed in the southern parts of Sweden. Since Sweden is already largely dependent on imports, the decline in production should not affect the production of rapeseed oil and meal. The production of rapeseed increased by almost 50 percent in 1999 to 180,000 tons, but is expected to decrease to normal levels this year, about 120,000 tons, and, as mentioned above, decrease further following years.

The opposition against GMO is relatively strong among Swedish farmers as well as Swedish consumers, which limits the imports of U.S. products. The U.S. share of imports of rapeseed and rapeseed products to Sweden is very small, amounting to only 39 tons of rapeseed and 3 tons of rapeseed oil during MY 1998/99.

As mentioned in previous reports, information sources have since the EU accession become more sensitive and reluctant to share figures. Many of the PSD entries are therefore post estimates.

Situation and Outlook: Rapeseed

Import Market

Sweden is not self sufficient in rapeseed following declines in production related to adherence to the Common Agricultural Policy, CAP, in 1995. Given relative price changes dicitated by the Agenda 2000, production will decrease further in the years immediately ahead. Hence, the import market for rapeseed is expected to grow in the long-term. In 1999 however, the production of rapeseed was unusually high, which will likely lead to lower imports MY 99/00 at roughly 120,000 tons. The U.S. share of imports of rapeseed is virtually non-existent. Imports of rapeseed are primarily from within the EU although there is no tariff on oilseeds.

Domestic Production

Rapeseed and turnip are the dominant oilseed crops in Sweden, grown in the southern parts normally up to the Uppsala area just north of Stockholm. Since the EU accession in 1995, the area sown to oilseed crops has been decreasing-remaining well within the 123,300 hectares base area set by the CAP. The area planted to oilseed in Sweden in 1999 was 84,000 hectares (up 50%) out of which 23,510 hectares was winter rapeseed. The area planted to spring rapeseed was doubled due to declines in acreage traditionally sown to winter grain. The yields of rapeseed were good in 1999 and are estimated to be 10 to 20 percent higher than average. The yields of winter rapeseed reached an average of 2,860 kg/ha, the spring rapeseed crop reached an average of 1,875 kg/ha. The winter crop area 99/00 is 28,000 hectare and the spring crop is expected to reach 25,000 hectares. The expected decrease is a response to relatively low prices last year and of course less support within the Agenda 2000 budget.

During Agenda 2000 negotiations, the Swedish Seed and Oil Seeds Growers' Association (SFO) and the sector industry were lobbying energetically with proposals that would secure future production. They suggested a degressive direct support over 10 years, sustained higher support for spring rape and complimentary environmental support for break crops. None of these proposals met sympathy from the decision makers though. The outcome of the Agenda 2000 reveals a degressive direct support over three years to the level of grain, thus the oilseed production in the years ahead will not be economically justifiable compared to grain production. However, Agenda 2000 gives Sweden the opportunity to support oilseeds through environmental support, e.g. support for break crops. Sweden is not expected to use this opportunity inasmuch as funding has not been made available to support this alternative. Agenda 2000 reforms will most likely limit Swedish oilseed production to winter rapeseed in southern growing areas.

While the use of biotechnology has the potential to offset farmers margins, eroded by CAP reform, Swedish farmers are reluctant to GMO's and a survey carried out in early 2000 revealed that 77% of farmers would not consider planting GMO crops and 10% do not know whether or not they would. The opposition has grown stronger since last year, a similar survey in 1999 revealed that 70% of farmers would not consider planting GMO crops. Swedish farmers have nonetheless secured future access to advanced biotechnology through an agreement involving Svalöf Weibull (owned by Swedish Farmers Supply & Crop Marketing Association (SLR)) and the German chemical giant BASF and a 15% Swedish share of a new biotech company, Plant Science.

With regards to GMO labeling, Swedish consumers are strongly in favor of labeling and circumspect with regards to products. According to surveys, a strong majority of Swedish consumers do not feel that it is justified to improve nutritional value, taste or shelf life with the use of biotechnology- not even if it makes food cheaper. However, about 30 percent are positive to biotechnology if used to reduce the use of pesticides in agriculture. EU regulations are still vague on labeling leading the Swedish wholesale and retail trade to approach the food industries and demand labeling of such products as soybean oil, corn oil and soy sauce– not, however, further processed products with ingredients thereof. Even while agreeing to label these product, the domestic food industry does not wish to see Sweden divert form the more general EU policies. The GMO sensitivities seem to have grown not just in Sweden but also in other EU countries, and labeling is of current interest in the EU. At present the EU is implementing a new directive on labeling, which is taking its direction from the biosafety protocol agreement in Montreal in late January 2000.

Industry Structure

Swedish oilseed production is mainly purchased by the Farmers Marketing Associations (ODAL and Skanska Lantmannen- also the largest subsidiaries of the Swedish Crop Marketing Association, SLR) and sold to Karlshamn AB, or used for feed production. Private feed manufacturers have a market share of 20%, the largest, Svenska Foder owned by the Danish company KFK, has a market share of 17%.

Karlshamns AB Crushing & Feed Division is the sole soft seed crushing operation in Sweden operating largely on imported oilseed. It is placed very centrally in the Baltic region in Karlshamns harbor on the south-eastern coast, positioning it well for importing from such locations as Germany, Denmark, UK and Poland. Karlshamns is the leading producer of vegetable oils in the Nordics, and one of the top world suppliers of special fats for the food industry. Russia is an important export market for Karlshamns. Due to the crises on the Russian market Karlshamns had a slight surplus of produce last years due to decreased demand. The situation on the Russian market is however improving and Karlshamn has retaken some of their lost market.

Consumption

Karlshamns AB’s crushing capacity is 250,000 tons and their stocking capacity is 100,000 tons of rapeseed. Production will reportedly continue at present levels. It supplies oils for the food industry, previously they also produced oil for refining to biofuel, but production has been discontinued due to economical problems caused by smaller demand than expected.

Situation and Outlook: Rapeseed Meal

Import Market

The Swedish feed industry is dependent in imported protein and oilseeds meal, usually 50-100,000 tons of rapeseed are imported annually. The feed market is however decreasing, mainly driven by declining cattle numbers but also by poor profitability within the pork sector leading to diminishing animal numbers more recently. The U.S. share of import is nonexistent since 1996 due to sensitivities to GMO products. Among the feed industry and the dairies there is a certain determination to maintain the policy "to do as much as possible to ascertain GMO-free-feed" and it is not likely that U.S. products will gain access any time soon. Currently rapeseed products are mainly imported from European countries.

Domestic Production

Karlshamns AB produces roughly 140,000 tons of rapeseed meal and expeller which is heat treated to improve the protein availability in the feed for dairy cattle (competing with soypass). A small amount of shea nut meal is also produced. The meal demand is greater than production and is expected to be maintained as milk production is expected to be maintained even with the reform of the dairy sector. (Milk production being proportional to the need for protein feed).

Consumption

The Swedish feed industry supplies 97 percent of total consumption of feed (petfood excluded). Total production decreased by 1 percent in 1998 compared to 1997 reaching 2,538,000 tons. The feed production for pigs and poultry decreased by 4% compared to 1997. Cattle feed production has however increased by 2%. The portion of rapeseed meal and seed decreased by 4 percent from 1997 to a total of 277,800 tons in 1998.

Situation and Outlook: Rapeseed Oil

Import Market

The total import market for rapeseed oil amount to roughly 60,000 tons out of which the U.S. has a very marginal share of 0.5 percent. Imports of technical rapeseed amount to about 50 percent of the total imports.

Domestic Production

Domestic production of oil is limited to rapeseed oil from Karlshamns AB. The production of rapeseed oil was down to 95 tons 97/98. Unfortunately there are no figures available for 98/99, but the production will probably continue at about 100,000 tons. Karlshamns have, as mentioned above, had some problems on the Russian market, their main export market, to which a significant decrease in the export has been noted. However, the situation has improved and Karlshamns have retaken some of their former export market in Russia.

Consumption

Rapeseed oil consumption in the last few decades doubled but seems to have stabilized at roughly 100,000 tons. Consumption of food fats, butter and margarine, has decreased steadily in the 1990's with shift towards more light margarine and less butter driven by increased health consciousness. In 1998 the level of consumption is estimated by the BoA at 15.3 kg per person. From statistics it is evident that the fat intake in the form of food fats and oils is decreasing, driven by increased preference for low fat spreads, whereas intake of fat as an ingredient in processed foods is increasing. Direct consumption of margarine, both full and low-fat, decreased in 1998 by 1% to 121,400 tons whereas consumption of oils was stabile at 9,500 tons.

Statistical Section

PS&D Tables

PSD Table						
Country	Sweden					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	60	60	65	84	0	53
Area Harvested	55	55	60	78	0	50
Beginning Stocks	8	8	8	13	7	14
Production	124	124	120	180	0	120
MY Imports	157	170	170	120	0	175
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	157	170	170	110	0	175
TOTAL SUPPLY	289	302	298	313	7	309
MY Exports	1	9	1	9	0	9
MY Exp. to the EC	1	9	1	9	0	9
Crush Dom. Consumption	250	250	250	250	0	250
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	30	30	40	40	0	40
TOTAL Dom. Consumption	280	280	290	290	0	290
Ending Stocks	8	13	7	14	0	10
TOTAL DISTRIBUTION	289	302	298	313	0	309
Calendar Year Imports	180	118	180	180	0	120
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	2	7	1	7	0	7
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Sweden					
Commodity	Meal, Rapeseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Crush	250	250	250	250	0	250
Extr. Rate, 999.9999	0.6	0.6	0.6	0.6	ERR	0.6
Beginning Stocks	11	11	11	14	16	24
Production	150	150	150	150	0	150
MY Imports	90	97	100	100	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	90	97	100	100	0	100
TOTAL SUPPLY	251	258	261	264	16	274
MY Exports	10	4	10	5	0	5
MY Exp. to the EC	10	4	10	5	0	5
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	230	240	235	235	0	235
TOTAL Dom. Consumption	230	240	235	235	0	235
Ending Stocks	11	14	16	24	0	34
TOTAL DISTRIBUTION	251	258	261	264	0	274
Calendar Year Imports	90	100	110	100	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	15	12	15	15	0	15
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Sweden					
Commodity	Oil, Rapeseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Crush	250	250	250	250	0	250
Extr. Rate, 999.9999	0.4	0.38	0.4	0.38	ERR	0.38
Beginning Stocks	25	25	25	29	25	19
Production	100	95	100	95	0	95
MY Imports	50	64	50	50	0	55
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	50	64	50	50	0	50
TOTAL SUPPLY	175	184	175	174	25	169
MY Exports	5	10	5	10	0	10
MY Exp. to the EC	5	10	5	10	0	10
Industrial Dom. Consum	30	30	30	30	0	30
Food Use Dom. Consump.	115	115	115	115	0	115
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	145	145	145	145	0	145
Ending Stocks	25	29	25	19	0	14
TOTAL DISTRIBUTION	175	184	175	174	0	169
Calendar Year Imports	55	55	55	55	0	55
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	5	13	5	10	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrices

Import Trade Matrix			
Country	Sweden		
Commodity	Oilseed, Rapeseed		
Time period	Oct-Sept	Units:	metric tons
Imports for:	1997		1998
U.S.	0	U.S.	39
Others		Others	
Germany	44288	Germany	83651
Denmark	32753	Denmark	46057
France	20355	United Kingdom	18262
United Kingdom	16534	Poland	14280
Poland	1022	Lithuania	7525
Netherlands	89	France	3283
Canada	22	Netherlands	337
Finland	8	Canada	34
Chile	1	Belgium & Lux.	6
Belgium & Lux.	4		
Total for Others	115076		173435
Others not Listed	1		0
Grand Total	115077		173474

Export Trade Matrix			
Country	Sweden		
Commodity	Oilseed, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Exports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Finland	7695	Finland	4692
China	1250	Norway	2201
Netherlands	1250	United Kingdom	1769
Norway	809	Denmark	854
Germany	881	Germany	555
Denmark	552	Lithuania	59
Lithuania	585	Netherlands	42
United Kingdom	661	Spain	12
Estonia	431	Czech Republic	9
Cyprus	36	Yugoslavia	12
Total for Others	14150		10205
Others not Listed	37		11
Grand Total	14187		10216

Import Trade Matrix			
Country	Sweden		
Commodity	Meal, Rapeseed		
Time period	Oct-Sept	Units:	metric tons
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Denmark	37541	Denmark	37519
Germany	43856	Germany	55919
United Kingdom	12743	United Kingdom	2326
Poland	3855	Belgium & Lux.	1000
Belgium & Lux.	3830		
Finland	2288		
Netherlands	1340		
Total for Others	105453		96764
Others not Listed	0		0
Grand Total	105453		96764

Export Trade Matrix			
Country	Sweden		
Commodity	Meal, Rapeseed		
Time period	Oct-Sept	Units:	metric tons
Exports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Finland	14676	Finland	4177
Norway	960	Denmark	211
Total for Others	15636		4388
Others not Listed	0		0
Grand Total	15636		4388

Import Trade Matrix			
Country	Sweden		
Commodity	Oil, Rapeseed		
Time period	Oct-Sept	Units:	metric tons
Imports for:	1997		1998
U.S.	0	U.S.	3
Others		Others	
Netherlands	33246	Netherlands	39633
Germany	17582	Germany	7301
Denmark	6855	Denmark	13799
Italy	431	Italy	847
United Kingdom	613	United Kingdom	885
Belgium & Lux.	667	Belgium & Lux.	1005
Spain	21	France	446
France	23	Spain	39
		Greece	13
		Austria	17
Total for Others	59438		63985
Others not Listed	0		5
Grand Total	59438		63993

Export Trade Matrix			
Country	Sweden		
Commodity	Oil, Rapeseed		
Time period	Oct-Sept	Units:	metric tons
Exports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Finland	1469	Finland	8671
Italy	76	Lithuania	73
Norway	14	Denmark	152
Denmark	120	Russia	5
United Kingdom	1	Norway	3
Lithuania	5	Estonia	3
Latvia	4	Poland	1
Poland	1	Czech Republic	2
Hungary	1	Canada	1
		Japan	1
Total for Others	1691		8912
Others not Listed	0		0
Grand Total	1691		8912